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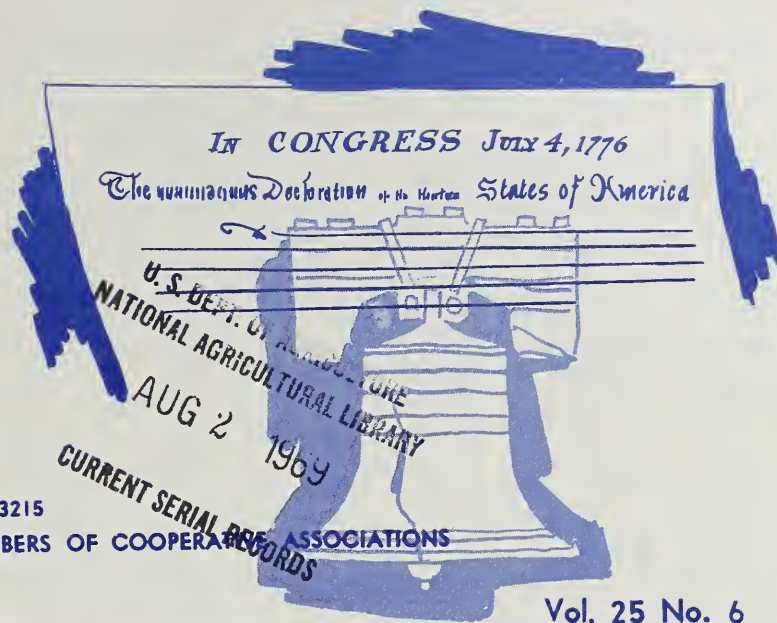
BULLETIN

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ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

JUNE, 1969



PER CAPITA CONSUMPTION IN 1968—PROSPECTS FOR 1969

Dairy Situation, May, 1969

Per capita domestic civilian consumption of milk in all products last year was an estimated 576 pounds (milk equivalent, fat solids basis), about 1 percent less than a year earlier, compared with a 3 percent drop in 1967. Consumption includes CCC donations and use of milk on farms where produced, as well as sales. Consumption of all fluid products combined (product pounds) was 303 pounds per person, about the same as in 1967. Per capita consumption of fluid whole milk and cream products declined; that of low-fat and skim milk products rose sharply. Per capita consumption of butter, cheese, ice cream, and nonfat dry milk all gained.

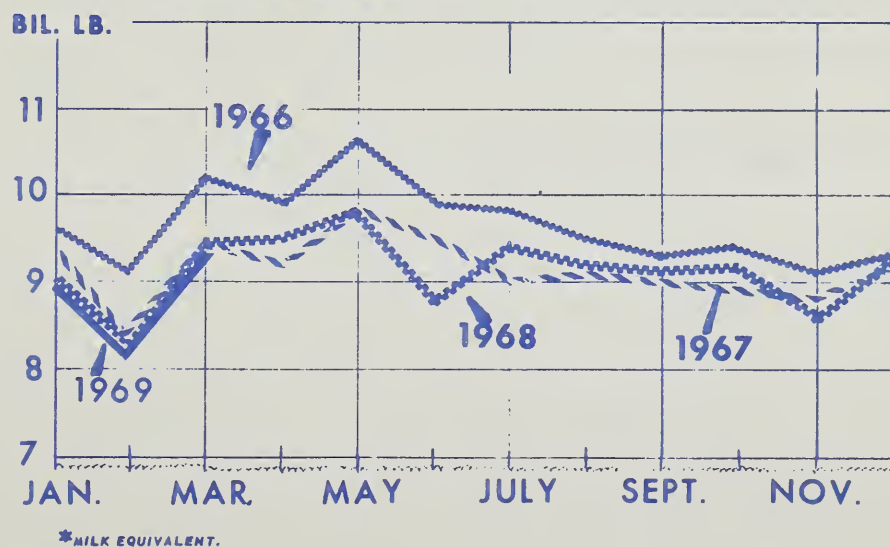
Consumption of milk per person in all products likely will decline slightly more in 1969 than in 1968. Consumption of fluid whole milk and cream items is expected to continue downward. Also, it appears that smaller amounts of manufactured dairy products—mainly cheese—will be available for consumption than last year. The supply likely will be ample for the commercial market, but CCC donations may be lower than in 1968. A continued decline in evaporated milk will add to the overall drop. Sales of milk in all products likely will be close

to those of 1968, but CCC donations, in terms of milk equivalent, are expected to be lower, and use in households on farms where milk is produced likely will continue to trend downward.

HEARING ON MERGER RECESSED UNTIL JULY 8

The proposed merger of the Columbus, Miami Valley, Northwestern Ohio, and Tri-State Federal milk marketing orders with the Greater Cincinnati order which began June 2 in Columbus, Ohio, was recessed June 13 and will reconvene July 8 in the Imperial House-Arlington, 1335 Dublin Road, U. S. Route 33 N. W., Columbus, at 10 a. m.

COMMERCIAL DISAPPEARANCE OF MILK IN ALL PRODUCTS*



*MILK EQUIVALENT.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 5593-69 (4) ECONOMIC RESEARCH SERVICE

Disappearance of milk in all products (milk equivalent, fat solids basis, on an average daily basis) ran at about last year's level in the first quarter. For the rest of the year, larger consumer incomes and a low level of unemployment favor larger daily sales. On the other hand, a declining proportion of the consumer's dollar is spent for dairy products; income gains likely will slow; and, after June, rises in retail dairy prices may accelerate.



Cincinnati

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

	May 1969	Apr. 1969	May 1968
Producer's Uniform Price (3.5%)	\$5.19	\$5.34*	\$5.31*
Class I (3.5%)	6.05	6.10	6.14
Class II (3.5%)	4.25	4.25	4.17
Producer Butterfat Differential for each 1/10% ..	8.0¢	8.0¢	7.8¢

*Producer location differential—

Distance of Receiving Plant from City Hall, Cincinnati, Ohio

50 but less than 60 miles .10¢ less

Each additional 10 miles or fraction thereof, an additional .015

UTILIZATION SUMMARY

	May 1969	Apr. 1969	May 1968
Percent of Producer Milk in Class I	66.92	72.79	70.09
Percent of Producer Milk in Class II	33.08	27.21	29.91

PRODUCTION SUMMARY

Total Bulk Tank Milk Deliveries	66,475,377	58,527,616	64,629,194
Total Can Milk Deliveries	1,186,367	1,028,150	3,670,342
Total Pounds Producer Milk Delivered	67,661,744	59,555,766	68,299,536
Percentage of Tank Milk to Total Deliveries	98.25	98.27	94.63
Number of Tank Producers	2,489	2,490	2,451
Number of Can Producers	92	92	263
Total Number of Producers	2,581	2,582	2,714
Percentage of Tank Producers to Total Producers ..	96.44	96.44	90.31
Average Daily Receipts per Tank Producer	862	784	851
Average Daily Receipts per Can Producer	416	373	450
Average Daily Receipts per All Producers	846	769	812
Average Butterfat Test of All Producers	3.55	3.63	3.57
Average Daily Class I Use (Gross)	1,618,296	1,622,526	1,604,800

VALUE SUMMARY

Total Value of Average Test	\$3,535,165	\$3,242,081	\$3,655,359
Income per Producer (7 Day Average)	\$309	\$292	\$304

AVERAGE DAILY SALES (Quarts)

Milk	502,591	506,703	506,128
Buttermilk	18,407	16,394	16,561
Chocolate	35,224	34,611	33,794
Skim	141,372	140,435	125,943
Cream	8,838	8,631	9,981

COMPARATIVE STATISTICS

CINCINNATI MARKETING AREA

MAY 1960-'69

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class			Uniform Producer Price (3.5%)	Class Prices at 3.5%			Number of Producers	Average Daily Prod.
			Class I	Class II	Class III		Class I	Class II	Class III		
1960	55,098,350	3.70	53.1	19.6	27.3	3.47	4.6320	3.0286	2.8200	3,898	456
1961	63,590,543	3.67	55.5	16.8	27.7	3.66	4.7781	3.3205	2.8650	4,091	501
1962	60,992,459	3.58	57.9	18.3	23.8	3.60	4.72	3.109	2.6875	3,604	545
1963	63,454,165	3.59	57.8	15.7	26.5	3.60	4.75	3.1008	2.70	3,370	607
1964	65,327,971	3.61	55.8	16.7	27.5	3.59	4.61	3.1090	2.7188	3,238	651
1965	67,234,000	3.60	58.0	13.4	28.6	3.69	4.69	3.1555	2.7312	3,212	675
1966	73,866,597	3.64	56.4	43.6	-----	4.20	5.14	3.56	-----	3,110	766
1967	70,014,359	3.64	60.5	39.5	-----	4.73	5.68	3.91	-----	2,922	773
1968	68,299,536	3.57	70.1	29.9	-----	5.31	6.14	4.17	-----	2,714	812
1969	67,661,744	3.55	66.9	33.1	-----	5.19	6.05	4.25	-----	2,581	846

CCC DAIRY PURCHASES DOWN

Dairy Situation, May, 1969

With lower milk production, USDA is buying less dairy products under the price support program in early 1969. First quarter butter and cheese removals were equivalent to 1.4 billion pounds of milk, compared with 1.8 billion a year earlier. Nonfat dry milk removals were also down, but by only 1½ percent.

During April-June, when production reaches peak seasonal levels, USDA removals also are at their seasonal high. In April, USDA took delivery of dairy products equivalent to 0.7 billion pounds of milk, up from 0.4 billion in April 1968. However, this year CCC second quarter purchases may total under the 2.2 billion pounds (milk equivalent) of a year earlier. Cheese prices are holding above support purchase prices, and through April no new purchases were made for delivery during the second quarter. Lower butter production appears to be slowing the rate of CCC butter purchases. Nonfat dry milk purchases—close to a year earlier in the first quarter—were down sharply in April.

USDA has purchased 27 million pounds of evaporated milk for domestic welfare distribution to be delivered during the second quarter.

During the 1968/69 marketing year (April 1-March 31), net removals of

dairy products were equivalent to 4.7 billion pounds of milk, down from 7.0 billion a year earlier. This includes purchases of about 55 million pounds of evaporated milk. Despite stabilization of milk sales, lower milk production and smaller imports of dairy products ingredients reduced excess milk supplies. Removals during the 1969/70 marketing year are expected to be less than in 1968/69.

During the last marketing year, commitments of butter and nonfat dry milk to program uses increased from a year earlier, but use of cheese was down somewhat. Although purchases declined, relatively large uncommitted stocks at the beginning of the marketing year provided enough products for increased program use of butter and nonfat dry milk. Most of the butter and cheese utilized was donated domestically to school lunch and welfare programs. But significant quantities of butter also moved to the armed services and into overseas donation programs. In addition to larger domestic and foreign donations of nonfat dry milk, substantial amounts were sold abroad.

Program uses exceeded purchases of all 3 of these products in the 1968/69 marketing year, and year-end uncommitted stocks were reduced from a

year earlier. Lower uncommitted stocks at the beginning of the year and smaller expected purchases suggest that, in the 1969/70 marketing year, movement of dairy products from CCC stocks to program uses may be below year-earlier levels.

In the first quarter of 1969, USDA sold 1.7 million pounds of American cheese (40-pound blocks) back to the domestic industry for unrestricted use at prices ranging from 51.75 to 55.57 cents per pound. If products are available, USDA offers dairy products to domestic firms for unrestricted use at announced sales prices.

FEED CONSUMPTION BY DAIRY COWS CONTINUES UPWARD

Feed Situation, May, 1969

For the past several years, feeding of grains and other concentrate-type feeds to dairy cows has set a new record high practically every time dairy-men have reported these data. The trend of feeding more to fewer milk cows continued in 1968.

Major factors contributing to the increased feeding of concentrate-type feeds to dairy cows include the switch to Holstein cows with their greater capacity for feed intake and milk output, increased use of concentrate-type feeds to obtain more milk per cow, and the more favorable milk/feed price relationships in recent years.

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PRICES OF MILK COWS STILL
GAINING

Dairy Situation, May, 1969

Milk cow prices continued to strengthen in 1968 and early 1969. During the first quarter of 1969, they averaged a record \$285 per head, 7 percent above a year earlier. The current outlook for beef cattle and milk prices indicates that milk cow prices will continue rising during the remainder of this year.

The value of dairy cows to farmers is determined by the potential income from milk sales, as well as by prospective returns from the sale of the animal for slaughter. In recent years, the carcass value (based on prices of slaughter stock) has accounted for two-thirds or more of the selling price of milk cows. These are average figures. For exceptionally good milk producers or purebred stock, the value of prospective calves is an additional price determinant.

The difference between slaughter value and the milk cow price has been increasing since late in 1966. The slaughter value of milk cows was up sharply in the first quarter of 1969 because of the 9 percent gain from a year earlier in cutter-canner cow prices.

Market Quotations

MAY
1969

MINNESOTA-WISCONSIN PRICE SERIES	\$4.37
Butter-nonfat dry milk price, 3.5% per cwt. (Columbus)	4.25
Average Price per lb. 92-score butter at Chicago	.6764
Average carlot prices, spray process nonfat dry milk, f.o.b. Chicago area manufacturing plants	.2303

SMALLER DAIRY PRODUCTS OUTPUT

Dairy Situation, May, 1969

In early 1969, lower milk production than a year earlier made less milk available for manufacturing. Lower expected milk production in the second quarter will likely continue decreasing output of processed dairy products from a year earlier. The decline in milk supplies has been reflected mostly in the smaller volume of milk used for butter and its by-products and for American cheese. Production of other products, such as evaporated milk, other types of cheese, and frozen dairy products, usually is more closely geared to commercial demand.

In the first quarter of 1969 (on an average daily basis), butter production was down from a year earlier about 2 percent and American cheese dropped around 3½ percent. Based on weekly production estimates, April butter output dropped 4 percent and American cheese, 7 percent. Nonfat

dry milk production in January-March 1969 was down a sharp 8 percent. Since butter and nonfat dry milk are usually jointly produced in major production areas, much of the decline in nonfat dry milk was associated with lower butter production.

In early 1969, output of most other dairy products was larger than a year earlier. The production of "other" cheese was up 2 percent; creamed cottage cheese 4 percent; frozen dairy products 1 percent; and evaporated milk 14 percent.

The output of manufactured dairy products last year was equivalent to 58.6 billion pounds of milk, 1.7 percent less than 1967. Smaller marketings of milk and cream and sharply reduced imports of dairy ingredients caused less milk to be used for manufacturing, even though fluid milk and cream sales declined.